

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3273 – SB 3156

March 27, 2012

SUMMARY OF AMENDMENT (013809): Deletes all language after the enacting clause. Requires the Department of Education (DOE) to establish a four-year kindergarten pilot project to be conducted in the local education agency (LEA) that has the most schools being operated by the DOE's Achievement School District (ASD). Pre-kindergarten in this LEA shall be entirely state funded for pre-kindergarten students who attend ASD schools or school clusters that feed into ASD schools. The project will begin in the 2012-2013 school year. At the conclusion of the four-year pilot program and every four years thereafter, the Comptroller's Office of Research and Education Accountability (OREA) shall evaluate the program. The first report shall be made to the DOE and the Education Committees of the General Assembly by July 1, 2016, and the last report shall be made by July 1, 2028.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$244,700/FY12-13

Exceeds \$244,700/FY13-14 and Subsequent Fiscal Years

Decrease Local Expenditures - \$244,700/FY12-13

Exceeds \$244,700/FY13-14 and Subsequent Fiscal Years

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$3,429,000/FY12-13

Exceeds \$3,429,000/FY13-14 to FY15-16

Decrease Local Expenditures - \$139,200/FY12-13

Exceeds \$139,200/FY13-14 to FY15-16

Other Fiscal Impact – If the pilot program is continued after the fourth fiscal year, the state expenditures will continue to increase as more pre-K classrooms are needed and more schools are placed into the ASD.

If the pilot program is not continued after the fourth fiscal year, it is unknown if the state will be required to continue to exclusively fund new classrooms that have been formed; if the local government and other fund sources will be required to increase expenditures to fund classrooms that were paid for during

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the pilot program; or if local governments will be required to fund classrooms that the state began under the pilot program.

Assumptions applied to amendment:

- Existing pre-K classrooms will be funded by the state and new pre-K classrooms will be formed to accommodate additional pre-K students who are zoned for schools within the ASD or ASD feeder schools during the four-year pilot program.
- Schools in the Memphis City School district will be impacted.
- The cost for one pre-K classroom in the Memphis City School district is \$117,490 (\$89,642 in state funding and \$27,848 in local match).
- There are currently 10 pre-K classrooms within the Memphis City School district, five of which are funded through the state program and five which are funded outside the state program.
- The state will take over the cost for the local match portion for five existing classrooms and the five classrooms being funded outside the state's program for the duration of the pilot program.
- The increase in state expenditures for the existing pre-K classrooms will be \$726,690 [(\$27,848 x 5 inside state's program) + (\$117,490 x 5 outside state program)].
- Memphis City Schools will decrease match funding for five pre-K classrooms by \$139,240 (\$27,848 x 5) for FY12-13.
- Expenditures for the other five classrooms that are funded outside the state's program will shift to a new expenditure. These classrooms are funded through a combination of several different types of funding that cannot be broken down by DOE.
- DOE estimates that 23 new pre-K classrooms will be formed to accommodate additional children zoned for schools that will be within the ASD or schools that feed into the ASD. The increase in state expenditures for new classrooms in FY12-13 will be \$2,702,270 (\$117,490 x 23).
- The total increase in state expenditures will be \$3,428,960 in FY12-13 (\$726,690 + \$2,702,270).
- In FY13-14 and in the next two subsequent fiscal years, more schools and students will be added into the ASD, requiring more state expenditures and further decreasing local expenditures as more pre-K classrooms are added into the pilot program. The increase in state expenditures and the decrease in local expenditures will exceed the totals for FY12-13.
- According to the Comptroller, the study and reports will be done within the existing resources of OREA without an increase in personnel or a reduction in other budget items.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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